

Message Text

LIMITED OFFICIAL USE

PAGE 01 MANILA 04289 01 OF 02 170420Z
ACTION TRSE-00

INFO OCT-01 EA-10 ISO-00 NEA-10 IO-13 AID-05 CIAE-00
COME-00 EB-08 FRB-03 INR-10 NSAE-00 USIA-06
XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05
SS-15 STR-07 CEA-01 L-03 H-01 PA-01 /112 W
-----019391 170429Z /15

R 170330Z MAR 78
FM AMEMBASSY MANILA
TO SECSTATE WASHDC 3061

LIMITED OFFICIAL USE SECTION 1 OF 2 MANILA 4289

USADB

PASS TREASURY FOR NACHMANOFF

E.O. 11652: NA
TAGS: EAID, EFIN
SUBJECT: ADF 111 REPLENISHMENT SCHEME

1. SUMMARY: ON MARCH 14, PRESIDENT YOSHIDA CALLED AN INFORMAL MEETING OF DONOR COUNTRIES EXECUTIVE DIRECTORS PLUS SIR JOHN CHADWICK TO DISCUSS UNRESOLVED ISSUES INVOLVED WITH THE ADF REPLENISHMENT. IN THIS CONNECTION, MANAGEMENT HAD PREPARED SEVERAL DRAFT PAPERS THAT IT ANTICIPATES WILL BE THE BASIS FOR DISCUSSION AT THE APRIL 22 ADF REPLENISHMENT MEETING IN VIENNA. BANK MANAGEMENT'S PROPOSAL CAN BE SUMMARIZED AS FOLLOWS - TO LEGITIMIZE THE \$2.15 BILLION REPLENISHMENT TARGET SUFFICIENTLY TO PERMIT OTHER COUNTRIES, PARTICULARLY JAPAN AND GERMANY, TO CONTRIBUTE THEIR "TRADITIONAL" SHARES, BASED ON THAT FIGURE, WHILE PERMITTING OTHERS, I.E., THE UNITED STATES, CANADA AND BELGIUM, TO CONTRIBUTE THEIR TRADITIONAL SHARES ON THE BASIS OF A SMALLER TOTAL, DESCRIBED AS THE "CURRENTLY ATTAINABLE" FIGURE. BANK PAPERS HAVE NOT YET BEEN ISSUED BUT THE USADB HAS POUCHED A PRELIMINARY SET

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MANILA 04289 01 OF 02 170420Z

TO TREASURY C/O NACHMANOFF. WE WILL TRANSMIT THE FINAL VERSION OF THE BANK PAPERS WHENY THEY ARE ISSUED, AND DO NOT EXPECT THAT THEY WILL DIFFER SIGNIFICANTLY FROM VERSION ALREADY POUCHED. END SUMMARY.

2. THE MARCH 14 MEETING OPENED WITH A STATEMENT BY SIR JOHN CHADWICK WHO REPORTED THAT ELEVEN COUNTRIES AT THE

GENEVA MEETING HAD INDICATED THAT THEY WOULD BE WILLING TO ACCEPT THE \$2.15 BILLION REPLENISHMENT TARGET PROVIDED OTHER DONORS WERE ABLE TO ACCEPT IT. FIVE COUNTRIES, HOWEVER, WERE NOT ABLE TO COMMIT THEMSELVES AT THAT TIME, I.E., THE UNITED STATES, CANADA, BELGIUM, NEW ZEALAND, AND FRANCE. THE AUSTRALIAN ED THEN INTERJECTED THAT HIS COUNTRY'S POSITION HAD NOT YET FINALLY BEEN DETERMINED AS TO WHETHER IT COULD SUPPORT THE \$2.15 BILLION RECOMMENDATION (PARTICULARLY IF THERE WERE LESS THAN UNANIMOUS SUPPORT FOR THE TOTAL). SIR JOHN NOTED THAT THE BASIC ASSUMPTION UNDERLYING THE KYOTO AND GENEVA DISCUSSIONS WAS THAT ALL DONORS WOULD MAINTAIN THEIR SHARES AS PREVIOUSLY AGREED UNDER ADF 11.

3. THE BANK MANAGEMENT HAS PREPARED THREE DRAFT DOCUMENTS, INCLUDING A GOVERNORS' RESOLUTION. THE BANK PROPOSES THAT (A) THE GOVERNORS ENDORSE THE FIGURE OF \$2.15 BILLION AS THE "JUSTIFIED AND NECESSARY" TARGET FOR ADF 111; (B) THE GOVERNORS DECIDE "INITIALLY" ON SUCH OTHER AMOUNT AS MAY BE REGARDED AS "CURRENTLY ATTAINABLE" KEEPING WITH THE EXISTING RELATIVE SHARE LEVELS (IN EFFECT THE SIZE OF THE U.S. CONTRIBUTION WOULD DETERMINE THE ATTAINABLE LEVEL); (C) THE BANK BASE ITS 1979-82 OPERATIONS PROGRAM ON THE \$2.15 BILLION FIGURE; (D) THE DONOR COUNTRIES MEET AT ABOUT THE CLOSE OF THE SECOND YEAR OF THE REPLENISHMENT PERIOD TO LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MANILA 04289 01 OF 02 170420Z

REVIEW THE RESOURCE POSITION OF THE ADF TO SEE HOW ANY SHORTFALL FROM THE \$2.15 BILLION MIGHT BE MADE UP; AND (E) IN THE MEANTIME, THE BANK WOULD BE PERMITTED TO ACCEPT FURTHER DONATIONS TO ADF RESOURCES AS DONORS MAY BE WILLING TO PROVIDE. IN FACT, ALL DONORS WHO ARE ABLE TO MAKE CONTRIBUTIONS ON THE BASIS OF THE \$2.15 BILLION FIGURE WOULD BE "URGED" TO DO SO, IN ACCORDANCE WITH THEIR EXISTING RELATIVE SHARE LEVELS, IT BEING UNDERSTOOD THAT CONTRIBUTIONS ON SUCH BASIS WOULD NOT IMPLY A MODIFICATION OF EXISTING RELATIVE SHARE LEVELS.

4. DONOR COUNTRY REPRESENTATIVES HAD BEEN GIVEN APPROXIMATELY 24 HOURS TO REVIEW THE PAPERS AND NONE HAD BEEN ABLE TO CONSULT THEIR RESPECTIVE GOVERNMENTS.

5. WHEN ASKED FOR COMMENTS, I STATED THAT NOT ONLY WAS I WITHOUT INSTRUCTIONS BUT THAT I DID NOT HAVE THE BENEFIT OF PRELIMINARY WASHINGTON THINKING ON THIS MATTER. PERSONALLY I FEARED THAT IN ORDER TO "LEGITIMIZE" THE

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 MANILA 04289 02 OF 02 170410Z
ACTION TRSE-00

INFO OCT-01 EA-10 ISO-00 NEA-10 IO-13 AID-05 CIAE-00
COME-00 EB-08 FRB-03 INR-10 NSAE-00 USIA-06
XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05
SS-15 STR-07 CEA-01 L-03 H-01 PA-01 /112 W
-----019262 170431Z /15

R 170330Z MAR 78
FM AMEMBASSY MANILA
TO SECSTATE WASHDC 3062

LIMITED OFFICIAL USE SECTION 2 OF 2 MANILA 4289

USADB

PASS TREASURY FOR NACHMANOFF

\$2.15 BILLION FIGURE, SO AS TO ASSIST SOME COUNTRIES
PERSUADE THEIR PARLIAMENTS THAT IT WOULD BE APPROPRIATE
FOR THEM TO OFFER THEIR TRADITIONAL SHARE OF THE \$2.15
BILLION FIGURE, THE BANK WAS WEAKENED THE VALIDITY OF
THE SO-CALLED "ATTAINABLE" FIGURE, BY DESCRIBING IT
MERELY AS AN INTERIM FIGURE. BY SO DOING IT IS IMPLYING
THAT IT MAY WELL BE INCREASED AT THE MEETING SCHEDULED
TO BE CALLED TWO YEARS AFTER THE BEGINNING OF THE ADF 111.

6. I THEN EXPRESSED CONCERN THAT THE PROPOSED RESOLUTION
OF THE GOVERNORS WHICH CALLED FOR THEM TO ENDORSE THE
\$2.15 BILLION FIGURE AS BOTH "JUSTIFIED AND NECESSARY"
WOULD CAUSE CONGRESS TO BELIEVE THAT THE ADMINISTRATION
MIGHT BE CONSIDERING THE POSSIBILITY OF COMING FORWARD
WITH A REQUEST AT A LATER DATE TO MEET THE SO-CALLED
"SHORTFALL". I FELT THAT THIS WOULD BE A SERIOUS MIS-
READING OF THE WASHINGTON SCENE AND THAT IF THE BANK AND
DONOR COUNTRIES WERE TO GO AHEAD WITH THIS PARTICULAR
EXERCISE, THEY SHOULD DO SO IN FULL EXPECTATION THAT THE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MANILA 04289 02 OF 02 170410Z

PROPOSED U.S. SHARE OF THE "ATTAINABLE" FIGURE WOULD BE
OUR GOAL FOR THE FOUR-YEAR REPLENISHMENT PERIOD. I ALSO

WONDERED IF THE BANK WERE NOT PLANNING "TO LIVE DANGEROUSLY"
BY PROPOSING TO INTRODUCE AN ADF 111 OPERATIONAL PROGRAM
BASED ON A \$2.15 BILLION REPLENISHMENT.

7. THE VICE PRESIDENT ASSURED ME THAT DESPITE THE
LANGUAGE OF THE PAPERS, THERE WAS NO CONFUSION IN THE
BANK'S MIND AS TO THE LIKELIHOOD THAT THE U.S. MIGHT
INCREASE ITS ADF 111 REPLENISHMENT CONTRIBUTION AT
A LATER DATE. THE PAPERS WERE SO WRITTEN, HE
SAID, TO PERMIT CERTAIN DONORS WHO MAY BE WILLING TO
CONTRIBUTE ON A HIGHER LEVEL TO DO SO WITHOUT PREJUDICE
TO THOSE WHO MAY EVENTUALLY DECIDE TO CONTRIBUTE ON THE
BASIS OF A LOWER FIGURE.

8. COMMENT: I AM SOMEWHAT SKEPTICAL AS TO THE
FEASIBILITY OF THE BANK'S EFFORTS, PARTICULARLY IF AUSTRALIA
DECIDES THAT IT IS UNWILLING TO CONTRIBUTE ON THE BASIS
OF A TOTAL REPLENISHMENT EFFORT OF \$2.15 BILLION. I
SUSPECT ALSO THAT IF U.S. WERE TO AGREE TO A
LEVEL CLOSE TO \$2 BILLION THAT PROponents OF THE DUAL
SCHEME WOULD DECIDE "THE GAME IS NOT WORTH THE CANDLE."

9. THE THREE PAPERS THAT ARE BEING POUCHED TO WASHINGTON
INCLUDE THE DRAFT ADF 111
REVISED REPLENISHMENT SCHEME, AN ANNEX TO THE PAPER
DESCRIBING THE REVISED VIENNA FORMULA, AND THE DRAFT
RESOLUTION OF THE SECOND REPLENISHMENT OF THE ADB.

EDMOND

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCIAL STABILITY
Control Number: n/a
Copy: SINGLE
Draft Date: 17 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978MANILA04289
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780118-0655
Format: TEL
From: MANILA USADB
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780355/aaaabuju.tel
Line Count: 198
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: fc9117c5-c288-dd11-92da-001cc4696bcc
Office: ACTION TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3292757
Secure: OPEN
Status: NATIVE
Subject: ADF 111 REPLENISHMENT SCHEME
TAGS: EAID, EFIN, PORG, RP, US, ADF
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/fc9117c5-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014